

result of the formula for allowances credited under paragraph (c)(2)(iii)(C) of this section.

(E) *Adjusted allowances remaining.* Unless paragraph (c)(2)(iii)(B) of this section applies, the designated representative shall include in the confirmation report the adjusted amount of allow-

ances that would have been held in the opt-in source's compliance subaccount if the deductions made under § 73.35(b) of this chapter had been based on the verified, rather than the estimated, reduction in the opt-in source's heat input, calculated as follows:

$$\text{Adjusted amount of allowances} = \frac{\text{Allowances held after deduction} - \text{Excess emissions}}{\text{Allowances credited} - \text{Allowances deducted}}$$

where:

"Allowances held after deduction" shall be the amount of allowances held in the opt-in source's compliance subaccount after deduction of allowances was made under § 73.35(b) of this chapter based on the annual compliance certification report.

"Excess emissions" shall be the amount (if any) of excess emissions determined under § 73.35(d) for the calendar year based on the annual compliance certification report. "Allowances credited" shall be the amount of allowances calculated under paragraph (c)(2)(iii)(C) of this section.

"Allowances deducted" shall be the amount of allowances calculated under paragraph (c)(2)(iii)(D) of this section.

(1) If the result of the formula for "adjusted amount of allowances" is negative, the absolute value of the result constitutes excess emissions of sulfur dioxide. If the result is positive, there are no excess emissions of sulfur dioxide.

(2) If the amount of excess emissions of sulfur dioxide calculated under "adjusted amount of allowances" differs from the amount of excess emissions of sulfur dioxide determined under § 73.35 of this chapter based on the annual compliance certification report, then the designated representative shall include in the confirmation report a demonstration of:

(i) The number of allowances that should be deducted to offset any increase in excess emissions or returned to the account for any decrease in excess emissions; and

(ii) The amount of the excess emissions penalty (excluding interest) that should be paid or returned to the ac-

count for the change in excess emissions.

(3) The Administrator will deduct immediately from the opt-in source's compliance subaccount the amount of allowances necessary to offset any increase in excess emissions or will return immediately to the opt-in source's compliance subaccount the amount of allowances that he or she determines is necessary to account for any decrease in excess emissions.

(4) The designated representative may identify the serial numbers of the allowances to be deducted or returned. In the absence of such identification, the deduction will be on a first-in, first-out basis under § 73.35(c)(2) of this chapter and the identification of allowances returned will be at the Administrator's discretion.

(5) If the designated representative of an opt-in source fails to submit on a timely basis a confirmation report, in accordance with paragraph (c)(2) of this section, with regard to the estimate of reductions in heat input as defined under paragraph (c)(2)(i)(A) of this section, then the Administrator will reject such estimate and correct it to equal zero in the opt-in source's annual compliance certification report that includes that estimate. The Administrator will deduct immediately, on a first-in, first-out basis under § 73.35(c)(2) of this chapter, the amount of allowances that he or she determines is necessary to offset any increase in excess emissions of sulfur dioxide that results from the correction and will require the owners and operators of the opt-in source to pay an excess emission penalty in accordance with part 77 of this chapter.